ment Association (IDA) have extended a credit of 42 million for Second Madras Urban Development Project, which includes an urban transport component. Apart from this, there is no other proposal at present for World Bank assistance to finance road transport system in Tamil Nadu.

(b) The total cost of the project mentioned at (a) above is Rs. 73.9 crores of which IDA has extended a credit to the tune of 42 million.

(c) No Sir. The credit was sanctioned by IDA on 14-1-1981.

Fraud on Punjab National Bank by IRCI Appointed Executive Director of Bengal Potteries Limited

276. SHRI KALYAN ROY:

SHRI M. KADHARSHA:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have received any representation from a Member of Parliament dated the 11th July, 1984 regarding the massive fraud of over rupees one crore of the Punjab National Bank by the Industrial Reconstruction Corporation of India appointed Executive Director, Shri G. K. Bhagat and others of the Bengal Potteries Limited;

(b) if so, what are the details thereof;

(c) when was this fraud detected and what are the details in this regard;

(d) whether any persons have been arrested in this connection; and

(e) what steps have been taken by the I.R.C.I. against the persons involved in conspiracy and cheating of public money and if no action has been taken, what are the reasons therefor?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): (a) and (b) A letter dated 11-7-1984 has been received from a Member of Parliament drawing attention to a News Paper report relating to arrest of the Executive Director and 6 other employees of M/s. Bengal Potteries Limited for alleged cheating of Punjab National Bank. The letter has demanded that all the arrested officers should be immediately suspended since a *prima facie* case of cheating had been established against them.

(c) By October, 1982, when a large number of bills discounted in favour of the Company were returned unpaid, the Punjab National Bank decided to investigate into the transactions of the Company. A detailed inspection revealed certain irregularities in the transactions and an FIR was lodged in this regard with the Police Authorities.

(d) According to available information, the Executive Director alongwith 6 other officials of the Company were arrested in connection with the case filed by the Punjab National Bank.

(e) IRCI has reported that the Board of Management of the Company had got the matter investigated into and on the basis of the findings, Manager-Marketing (Crockeries) and Bills-in-Charge were suspended. The Board of Management had directed that FIR for criminal proceedings be filed against these 2 officers after obtaining legal opinion. The opinion of two counsels taken by the Company was that no criminal offence was committed by the officers of the Company and as such no question of cheating arises and, therefore, no criminal action lies against the Company or the officers. Thereafter, the two officers were censured and allowed to re-join duty.

IRCI has further reported that the matter is now ***sub-judice.***